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Malta

Post: Rome

Malta Retail Sector

Report Categories:

Retail Food Sector

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Report Highlights:

The Republic of Malta is a small, densely populated island nation (approximately 400,000 people) situated in the Mediterranean sea. While the market is still dominated by small trading companies, mostly family businesses with individual companies acting as importers, wholesalers and distributors, Malta's entry into the EU has forced local traders to re-think their distribution strategies by opening the local market to foreign retail competition.

General Information:

The Maltese Market Overview

The Republic of Malta is a small, densely populated island nation (approximately 400,000 people) situated in the Mediterranean Sea. The country's official languages are Maltese and English, although there are strong historical ties to Italian due to the proximity to Italy. Malta gained its independence from Britain in 1964 and joined the European Union on May 1, 2004. Malta adopted the Euro on January 1, 2008.

Malta's major resources are limestone, a favorable geographic location, and a productive labor force. However, Malta produces only 20 percent of its food needs, has limited fresh water supplies, and has few domestic energy sources. The economy is dependent on foreign trade and imports, manufacturing and tourism (more than 1 million tourists a year).

GDP per capita

\$23,400

Total Exports

\$3.238 billion

Total Imports

\$4.541 billion

Population

405,165 (July 2009 est.)

Labor Force

166,000

Labor Force by Occupation

Agriculture: 3%

Industry: 22%

Services: 75%

Unemployment Rate

6.4%

Maltese Retail Distribution Sector

The Maltese retail distribution sector consists mainly of small local shops and street vendors (fruits and vegetables) however the expansion of large European retailers on the island is slowly changing the way the Maltese do business. While the

market is still dominated by small trading companies, mostly family businesses, with individual companies acting as importers, wholesalers and distributors, Malta's entry into the EU has forced local traders to re-think their distribution strategies by opening the local market to foreign competition. The growing presence of European retailers has impacted the small local retailers.

Since adopting the Euro some of the biggest European retailers have established franchises on the island. After many years with local supermarkets as lonely players in the retail business, several stores have opened their doors with direct links to two of the major retailers in France, Carrefour and Auchan, but due to the strong relation between Malta and Italy, these links we established with the Italian subsidiaries of Carrefour & Auchan.

Malta enjoys a strategic location in the heart of main international shipping routes, a competitive tax legislation, a legislative system that is based on the principles of English common law and Roman civil law, all combined with a Mediterranean way of life.

Malta has ten shopping malls, including shops of leading UK retailer MARKS & SPENCER and German retailer LIDL. The desire to make Malta a regional distribution center, within an enlarged Europe, is a priority for the Maltese government. The government of Malta has projects underway to develop and expand the maritime passenger terminal in Valletta.

Supermarkets in Malta first appeared back in the 1980's, however the size of the domestic market limits the number of large retail outlets or hypermarkets. In general, large retail outlets owned by local distributors do not exceed 3000 m², while foreign retailers in some cases reach 5000 m². Supermarkets and hypermarkets carry consumer products, ranging from food to household products, toys, clothing, and electronics. Several Italian and European retailers have started collaborating with local Maltese partners, including discount outlets. Some local operators have even invested in modern distribution facilities, working directly with European retailers.

For a complete listing of Maltese supermarkets and hypermarkets please refer to Annex 1.

Challenges & Opportunities

While Malta is a small country compared to other EU Member States, but it is considered to be a major tourist destination, and hosts thousands of young students eager to learn English throughout the year. Malta's strategic location in the Mediterranean, with proximity to both Europe and North Africa, is an important asset. However, a lack of direct flights with the United States and the long distance involved in shipping goods directly from the United States traditionally has limited bilateral trade. Malta does have a direct shipping connection from the United States for containerized shipments, but partial shipments must still be shipped through neighboring European ports. Local Maltese importers have succeeded in overcoming these difficulties by importing high value, low volume items and/or sourcing American goods from U.S. subsidiaries or associates in Europe. Key products imported from the United States are grains and feeds, (mainly used for the bread/baking industry and the animal sector), horticultural products and tree nuts.

As a member of the EU, the application of uniform EU standards and certificates makes it easier for U.S. firms with prior experience doing business in Europe to expand their business interests in Malta. Although not required, most foreign suppliers appoint an agent or distributor to market their products in Malta. Franchising, licensing and joint venture

agreements are also common, while several U.S. companies have chosen to set up an operating/regional office in country.

U.S. Agricultural Exports to Malta

	<i>January</i>		<i>December</i>		
	2005	2006	2007	2008	2009
Product	Value	Value	Value	Value	Value
Grains & Feeds	4,747	5,130	5,211	2,392	2,269
Wheat	4,265	4,587	4,869	1,905	1,733
Rice	255	249	65	203	356
Feed, Ingredients & Foder	224	272	265	186	165
Grain & Feed Misc	3	23	13	94	14
Wheat Flour	0	0	0	4	0
Horticultural Products	691	1,651	1,756	2,512	1,619
Other Horticultural Products	285	989	964	1,624	1,030
Essential Oils	249	961	879	1,206	677
Miscellaneous Horticultural Products	24	10	80	319	332
Wine & Wine Products	0	18	5	87	20
Hops	0	0	0	6	0
Nursery Products Except Cut Flowers	12	0	0	7	0
Tree Nuts And Preparations	239	513	648	751	429
Vegetables and Preparations	167	128	118	137	132
Fruits and Preparations	0	21	27	0	29
Sugar & Tropical Products	381	54	73	78	417
Sugar & Tropical Products Miscellaneous.	12	13	11	0	378
Tea, Including Herbal Tea	41	37	37	41	39
Cocoa & Cocoa Products.	12	4	0	0	0
Allied Products	0	0	11	0	0
Sugar & Related Products	316	0	11	38	0
Spices	0	0	3	0	0
Oilseeds & Products	129	151	183	113	199
Other Oils	37	50	26	31	79
Flours	89	63	111	37	44
Other Oilseed Products	0	0	0	9	42
Cottonseed Oil	0	0	0	36	31
Rape/Colza Oil	3	4	7	0	3
Olive Oil	0	0	3	0	0
Peanut Butter	0	35	37	0	0
Livestock & Meats	142	91	171	143	83
Tobacco & Products	0	37	10	0	52
Planting Seeds	20	24	468	43	20
Poultry & Products	3	4	7	0	0
Dairy & Products	34	10	62	0	0
Values in Thousands of dollars	6,148	7,152	7,940	5,282	4,661
Source: BICO					

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Source: BICO

Key USDA-FAS Contacts

FAS Italy has regional coverage of Malta from the Rome office.

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Rome, 00187, Italy*

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usda.gov

Webpage: <http://italy.usembassy.gov/agtrade/default.asp>

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Annex 1. Listing of Maltese supermarkets and hypermarkets:

Arkadia Foodstore

Fortunato Mizzi Street,

Victoria VCT111,

Gozo

Tel +356 333 2210

Fax +356 2155 8331

Carters Supermarket

Triq is-Sur,
Paola PLA 06
Tel +356 7 21800761

Chain Supermarket

Triq is-Sur
Fgura FGR 1242
Tel +356 2180 3600
Fax +356 2180 3590

Chef's Choice Ltd.

Latmija Triq
Zabbar ZBR 11
Tel +356 21809171

Supermarket Conad

24, Triq il-Knisija
ZBG Zebbug
Tel +356 02 21464381

Gala Centre Drive-In Supermarket Ltd.

Triq Testaferrata Ta
Xbiex XBX 1407

Greens Supermarket

Triq ta
L-Ibrag Swieqi
Tel 020 85034422

GS Superstore

Naxxar,
St. Paul's Street
Tel +356 21424683

Lasco Discount Store

Triq il-President Anton Buttigieg
Bir id-Deheb
Zejtun ZTN 05
Tel +356 41 21378520
Fax +356 213882

Lidl Malta Ltd.

Triq Luqa
LQA 1311 the Karmnu
Tel +356 182 21221402

Shoppers Discount Supermarket

Triq il-Kbira
Mellieha MLH 2317
Tel +356 21523746

Shopwise Discount Store

I-Imdina
Triq Qormi
Tel +356 2146 6951
Fax +356 2146 6171

Sisa Malta Ltd.

Ta 'Xbiex,
Sliema
St Julians
Santa Lucija
Zabbar
Tel +356 21385075
Fax +356 21382741

Smart Supermarket

Naxxar Road
Birkirkara
Tel +356 21442728
Fax 21486560

Ta 'Natu' Supermarket

Triq il
Mosta MST 03
Kostituzzjoni
Tel. +356 21413304

Tower Supermarket Complex Ltd.

(Dates back to the 1960 have and is one of the oldest supermarkets in Malta, owned by a leading Maltese family.)
High Street Sleima
Tel +356 21 345586

Fax +356 21 346 868

Shoppers Discount Supermarket

182, Triq il-Kbira

Mellieha MLH 2317

Tel +356 21523746

Shopwise Discount Store

I-Imdina

Triq Qormi

Tel +356 2146 6951

Fax +356 2146 6171

Sisa Malta Ltd.

Ta 'Xbiex

Sliema

St Julians

Santa Lucija

Zabbar

Tel +356 21382741

Fax +356 21385075

Smart Supermarket

Naxxar Road

Birkirkara

Tel +356 21442728

Fax 21486560

Annex. 2 European Commission Customer Service Survey for Malta

The European Commission recently surveyed Maltese consumers' retail purchasing satisfaction for eight product categories:

- fresh fruit and vegetables
- non-alcoholic beverages
- meat
- information and communication equipment
- other household electrical equipment
- entertainment
- leisure goods
- new motor vehicles
- clothing and footwear.

For each question asked in the questionnaire, a chart presents the national results compared to the EU average and for each of the product markets.

The complete survey can be downloaded at http://ec.europa.eu/consumers/strategy/cons_satisfaction_en.htm